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Addendum

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President's summary

Evolution of the international trading system and its trends from a development perspective

(Agenda item 7)

1. The Secretary-General of UNCTAD opened the session, organized around two panels, expressing support for fair, predictable, equitable and functioning multilateral trade rules. He assured continued support to member States, including through a "soft rules making" approach facilitated by UNCTAD work in areas such as competition law and policy.

2. The Secretary-General expressed concern that globally trade flows had not been increasing significantly, and that today world trade in goods and services remained far below the pre-crisis dynamism. Properly managed agricultural trade could contribute towards poverty eradication, food security, economic empowerment and maintaining ecosystems. There was a need for closer dialogue between the ongoing Doha Development Agenda negotiations at the World Trade Organization and the post-2015 goal-setting process.

3. The Director-General of the World Trade Organization elaborated on the situation in the World Trade Organization trade negotiations and post-Bali work programme and stressed the importance of completing the negotiations for enhancing food security and achieving development goals. The question that World Trade Organization members were trying to answer was not whether they could ensure their food security, but rather under which commonly agreed disciplines they could implement policies to achieve that goal without further distorting trade or aggravating food insecurity in third countries.

4. The representatives of several regional groups and delegations highlighted the importance of agriculture in their economies and international trading profiles and pointed out constraints which their countries faced in developing their agricultural sector and exports. Protectionist measures such as tariff rate quotas, tariff peaks, tariff escalation and strict sanitary and phytosanitary requirements were hindering the growth of trade in agriculture and moving up into the higher value added segment of agricultural production.

5. The representatives of many regional groups and delegations and the representative of the Food and Agriculture Organization of the United Nations noted that trade alone was not sufficient to develop an equitable and sustainable agriculture sector. Infrastructure investment, particularly in enabling services, developing credit facility for small farmers, enhancing supply capacity-building, increasing the involvement of the private sector, using higher technology and building confidence in the consumer market were all needed to develop the sector.

6. Some delegations stressed the importance of special and differential measures for developing countries in making international rules on trade in agriculture. Policy tools such as safeguards, border protection and green box subsidies remained important, particularly for LDCs and small and vulnerable economies. These countries had particular difficulty in developing competitive agriculture products given their small domestic market.

7. One panellist observed that, in Organization for Economic Cooperation and Development countries, domestic support measures had been decreasing and that main drivers for the decline were the costly nature of such measures and relatively high global commodity prices. This trend should not make countries complacent as international prices could fall and subsidies could increase.

8. Most delegations mentioned that the ongoing cooperation between UNCTAD, the World Trade Organization and the International Trade Centre should be strengthened to develop trade in agriculture in the context of the post-Bali work programme and post-2015 development agenda. UNCTAD should also increase its focus on agricultural trade, and UNCTAD XIV in Lima should include political dialogue for promoting a holistic approach to developing agriculture sector and international trade rules. Issues on price stabilization and food security should also be discussed.

9. One delegation suggested that focusing exclusively on agriculture trade would miss other important opportunities for promoting inclusive and sustainable development, particularly in the areas of trade in raw materials, manufactured goods, services and tourism.

10. The Board identified several common challenges and areas of intervention that could require UNCTAD assistance given its expertise and comparative advantage in translating trade policies into inclusive and sustainable development outcomes. These included the need to move to higher added value food production, diversifying countries' export structures, overcoming supply-side constraints and facilitating trade flows through related services sectors, competition and other enabling policies.

11. Some delegations also argued that trade was not enough to spur economic growth and alleviate poverty. Complementary policies at the domestic level, particularly in the areas of industrial, investment and competition policies, were necessary to ensure the positive effect of trade.